

January 20, 2006

Dear Ms Stausboll

I am responding to your letter of December 22, 2005 about the CalPERS Investment Committee's decision to ask ABB to cease business operations in Sudan.

I would like to make it clear that we are not intending to cease business activities in Sudan. As we have already outlined in detail to CalPERS both at a meeting in October 2005 in Connecticut and during telephone conversations, we firmly believe that ABB is a force for good in Sudan; that our business, which focuses almost entirely on electrical transmission and distribution equipment for the Merowe dam project, is supporting infrastructure development and the right to power – and the benefits that this brings.

As you know, ABB is involved in wide-ranging stakeholder dialogue about our business activities in Sudan. In Sudan itself, this has involved NGOs, government officials, diplomats, and other international organizations and international companies. Their advice to us has been unanimous: stay in Sudan to help the country's development of its economic and social infrastructure, support the coalition government in its efforts to return the country to peace and prosperity. To cease business activities, they tell us, would be to undermine the positive steps that have been taken over the past year.

Our stakeholder dialogue is ongoing inside the country and elsewhere. As you know, we have also been consulting Amnesty International and an international human rights expert. We have also been discussing this within international initiatives such as the Business Leaders Initiative on Human Rights (BLIHR) and the UN Global Compact.

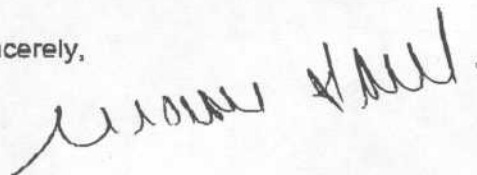
CalPERS and ABB share a common objective: to help the people of Sudan. But we disagree as to the means. ABB firmly believes constructive engagement and support is the right path.

An ABB delegation will again be in Sudan early in February to advance an ABB-initiated proposal for a stakeholder forum on governance issues and foreign investment. This forum is likely to be held under UN auspices at the end of March in the capital, Khartoum. A number of stakeholders are expected to attend. We would like to invite you to send a representative as an observer, so you can also talk to the stakeholders. If you would like to attend, we will be pleased to pass on an invitation when we know the exact dates, and will let you know who is attending. If you are unable to attend, we could provide you with details of what occurred at the meeting.

In your report published on the CalPERS Web site into the five companies you are targeting you write: "...staff has not uncovered any evidence in support of the conclusion of wrongdoing on the part of these companies." We believe you would also receive interesting views and perspectives first-hand at the Khartoum meeting which may help you to formulate policy.

As we have already indicated, ABB is also prepared to attend a CalPERS Board meeting for further discussions or meet with individual members should they be attending the World Economic Forum in Switzerland at the end of this month. We believe ongoing dialogue to be worthwhile.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steven Hall", written in a cursive style.